



# Real assets as an inflation hedge

With inflation at its highest in decades amid persistent supply-side pressures, it remains ever more imperative for investors to take action to protect their portfolio against rising prices.

## COPING WITH PRICE PRESSURES

The U.S. consumer price index (CPI) jumped 8.5% in March from a year ago. Notably, the increase was at the fastest pace since 1981. With global supply chain being disrupted due to the ongoing conflict in Ukraine and renewed lockdowns in China, it may take more time before inflation normalises.

A persistently high inflation not only erodes purchasing power but also has implications on asset allocation decisions. A number of assets have historically been endorsed as good hedges against inflation, with listed real assets being one of them including public real estate investments.

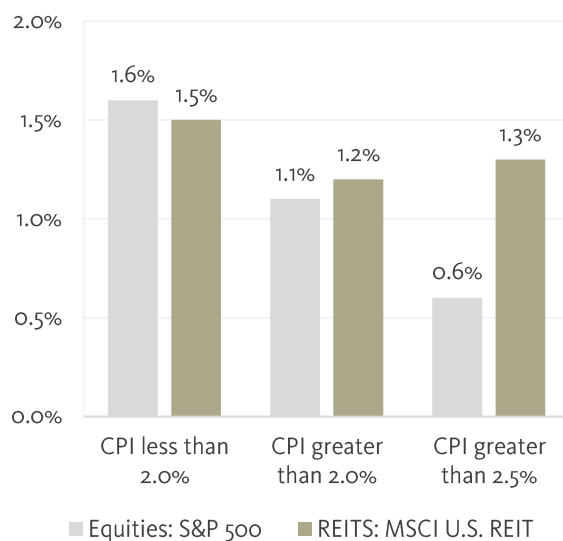
Real estate prices have tended to keep pace with inflation in the absence of an oversupply situation. For investors who are earning rental income from their properties, they may also benefit from higher rents linked to the higher inflation. Lastly, rental income tends to be 'sticky' i.e. a sudden move in capital markets will usually not result in an accompanying plunge of the former, and will provide the much-needed stability to portfolios in times of extreme market stress.

Apart from real estate, listed real assets could also include infrastructure companies exposed to secular growth trends. For instance, the transition to a digital economy would sustain demand for digital-related infrastructures. The increased focus on climate change will also drive more investments in renewable energy infrastructure projects.

## POTENTIAL BENEFITS OF LISTED REAL ASSETS

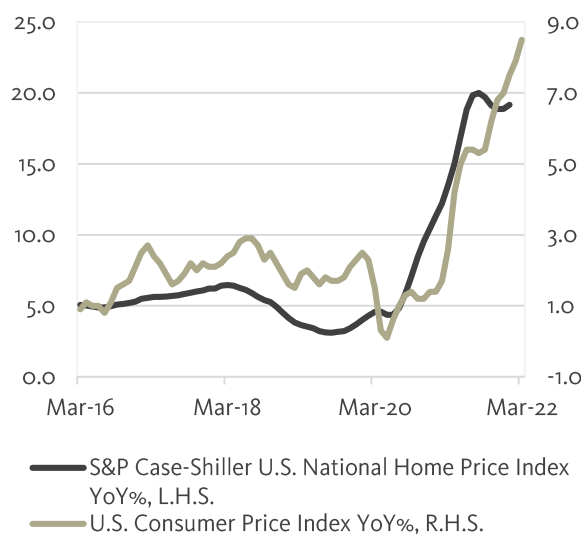
Investors can gain exposure to listed real assets by investing in diversified funds which are easily accessible, highly transparent and liquid. By doing so, the related real asset investment funds could potentially generate stable income that offers inflation protection and deliver sustainable long-term growth as well.

### Real Estate Investment Trusts (REITs) versus equities in different inflationary regimes from 1997-2021



Sources: Bloomberg and BlackRock | April 2022

### Home prices have more than kept pace with spiking inflation prints



Source: Bloomberg | April 2022



## Disclaimer

---

This advertisement has not been reviewed by the Monetary Authority of Singapore.

This report is for information purposes only and under no circumstances is it or any part of it to be considered or intended as an offer to sell or a solicitation of an offer to buy any of the financial or investment products referred to herein (each, a “Product”, and collectively, “Products”), or an offer or solicitation to any person to enter into any transaction or adopt any investment strategy or enter into any legal relations, or an advice or a recommendation with respect to such Products.

**Investors should note that income from such Products, if any, may fluctuate and that each Product’s price or value may rise or fall.** Accordingly, investors may receive back less than what they have originally invested or they may also not receive back anything at all from what they have originally invested. **All investments involve an element of risk, including capital and principal loss. Past performance is not necessarily a guide to or an indication of future performance.**

This report is prepared for general circulation. It is not intended to provide personal investment advice and does not take into account the specific investment objectives, financial situation and particular needs of any particular recipient or reader and thus should be read with this in mind. An investor should therefore independently and separately evaluate and assess each Product and consider the suitability of the same and the risks involved or the investment strategies discussed or illustrated in this report, taking into account the investor’s specific investment objectives, financial situation, risk tolerance and particular needs, and seek independent financial, audit, tax, legal and/or other professional advice as necessary, before dealing, transacting and/or investing in any of the Products mentioned in this report or communicated to the investor as a follow-up to this report. All investments will be made solely upon and in reliance on the investor’s own judgment and discretion, notwithstanding any opinion, commentary or recommendation in this report, Maybank or its Relationship Managers may provide. Unless expressly agreed otherwise, Maybank offers no investment, financial, legal, tax or any other type of advice to recipients or readers of this report. Maybank has no fiduciary duty towards any such recipients and readers, and makes no representation and gives no warranty as to the results to be obtained from any investment, strategy or transaction, or as to whether any strategy, security or transaction described herein may be suitable for the financial needs, circumstances or requirements of the recipients and readers.

Some of the information herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Maybank and consequently no representation and/or warranty is made by Maybank as to the accuracy or completeness of this report for any particular purpose and it should not be relied upon as such. Maybank may have issued other documents, investment proposals, reports, analyses or emails expressing views different from the contents hereof and all views expressed in such documents, investment proposals, reports, analyses and emails are subject to change without notice. The information or opinions or recommendations contained herein are subject to change at any time without prior notice. Accordingly, to the maximum extent permitted by applicable laws and regulations, Maybank and its officers, directors, associates, agents, connected parties and/or employees shall not be liable for any error or omission contained in this report or for any direct, indirect, special or consequential losses or damages that may arise from the use of, reliance on or any action taken in connection with this report. Maybank and its officers, directors, associates, connected parties and/or employees, including persons involved in the preparation or issuance of this report, may from time to time have positions or be materially interested in the Products referred to herein and may further act as market maker or may have assumed an underwriting commitment or deal with such Products and may also perform or seek to perform investment banking, advisory or other services in relation thereto. One or more directors, officers and/or employees of Maybank may be a director of any of the corporations of the Products mentioned in this report to the extent permitted by law. Accordingly, Maybank may have a conflict of interest that could affect the objectivity of this report.



## Disclaimer

This report may contain information such as valuation, performance, yield or the like, derived from a variety of valuation metrics, all of which may change at any time without notice and investors are cautioned not to place undue reliance on such information. This report may also contain forward looking statements which are often but not always identified by the use of words such as “anticipate”, “believe”, “estimate”, “intend”, “plan”, “expect”, “forecast”, “predict” and “project” and statements that an event or result “may”, “will”, “can”, “should”, “could” or “might” occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made by and/or information currently available to Maybank and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue reliance on these forward looking statements. This report is current as at the date of its publication and Maybank expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events. This report may also contain charts, diagrams or graphs, including sample portfolio overview, which may differ or vary from the actual charts, diagrams or graphs, including any portfolio overview, which an investor may receive separately.

In this report, references to “Maybank” mean Maybank Singapore Limited and/or its affiliates and related corporations. The information herein and the contents of this report remain the intellectual property of Maybank. The contents of this report are confidential and its circulation and use are restricted. This report is prepared for the use of Maybank’s clients and/or prospective clients and may not be reproduced, altered in any way, copied, published, circulated, distributed or transmitted to any other party in whole or in part in any form or manner or by any means (including electronically, photocopying, recording or via any information storage and retrieval system) without the prior express written consent of Maybank. Maybank and its officers, directors, associates, agents, connected parties and/or employees accept no liability whatsoever for the actions of third parties in this respect.

This report is not directed to or intended for distribution to or use by any person or entity who/which is a citizen or resident of or is located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or where Maybank may become subject to new or additional legal or regulatory requirements. The Products described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Without prejudice to the foregoing, the reader is to note that additional disclaimers or warnings may apply based on the geographical location of the recipient of this report.

Prohibition of sales to EEA Investors: Effective 1st January 2018, Maybank Singapore Limited prohibits any offer and/or sale of any investment products (“PRIIPs”) to investors in the European Economic Area (“EEA”), in accordance with the guidelines made to Regulation (EU) No 1286/2014. The EEA region includes the following countries: Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, UK, Iceland, Liechtenstein Norway and Switzerland.

Maybank Singapore Limited (UEN: 201804195C)